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February 10, 2005

Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Letter of Appeal
CC Docket No. 02-6

Funding Year: 2001-2002
Form 471 Application Number: 229919
Funding Request Number: 533969
Applicant Name: Chimes School
Billed Entity Number: 23653
Ed Tec's correspondence dated: June 11, 2004

The following is an appeal on the Administrator's decision on Appeal dated December 16, 2004.

The SLD has denied Ed Tec's Appeal to the Schools and Libraries Division (SLD) on June 11, 2004 based on a "Disbursed Funds Recovery Letter" dated June 2, 2004 to recover funds disbursed in error for the above listed funding request number.

In Ed Tec's letter of Appeal to the SLD on June 11, 2004 the following positions were stated:

The funds SLD claims to have erroneously disbursed that Ed Tec is appealing are as follows:

Qty-Description-90% of Cost

1-Backup Domain and File Server-\$14,715.00
1-Shipping and Handling for Server-\$180.00
1-72 X 19 Cabinet-\$1,795.50
1-Shipping & Handling for Cabinet-\$360.00

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Total: \$17,050.50

As listed on the Ed Tec Invoice corresponding to the Service Provider Invoice Form submitted to SLD, Ed Tec billed for a Backup Domain and File Server and the related shipping and handling charges. All our pertinent records indicate that indeed there was a Backup Domain and File Server installed as well as configured at the Chimes School. In addition, upon speaking with the appropriate parties at the Chimes School, this has been confirmed. Please see Attachment A for written confirmation via email by the school, subsequent to receiving this Disbursed Funds Recovery Letter.

In lieu of the above explanation verifying that the Backup Domain and File Server was actually installed and configured at the school, we respectfully appeal to the SLD to retract its resolution to recover the funds disbursed for this item as well as its associated shipping and handling charge.

In addition, the SLD states in the Disbursed Funds Recovery Letter that they have determined that by Ed Tec billing SLD for a cabinet costing \$3,990.00, they assumed that 2 cabinets were installed (at \$1,995.00 each) while only one was located on site during the audit. The Ed Tec bill lists a (one) cabinet at the cost of \$3,990.00 and not cabinets (2) at \$3,990.00. Undeniably, only one cabinet was installed at the school. This one cabinet installed was enhanced with additional fittings and equipment (all ERate eligible) equaling the cost of what the two cabinets applied for on the original Item 21 Attachment submitted with the schools Form 471 application would have cost. It would enable the one cabinet to perform the function that the two cabinets would have. In summary, the Chimes School received equal value and equal functionality.

In consideration of this clarification regarding the cabinet, we request that the SLD overturn its decision to recover the funds for this item and the related shipping and handling charge.

The administrators Decision on Appeal Explanation is as follows:

- You state on appeal that all of your records indicate that there was a Backup Domain and File Server installed at the school as well as configured. In addition, upon speaking with the appropriate parties at the Chimes School, this fact has been confirmed. You also state with regard to the cabinets requested that the SLD may have incorrectly assumed that two cabinets were to be installed (at \$1,995.00 each) while it was confirmed that only one cabinet was located on site during the audit. You confirm that the submitted Ed Tec bill lists one cabinet at the cost of \$3,990.00, and not two cabinets at \$3,990.00. You state that the one cabinet that was installed at Chimes School was enhanced with additional fittings and equipment. This would equal the cost for the two cabinets that were applied for on the Item 21. Therefore, you assert that Chimes School received equal value and functionality.
- After thorough review of the documentation pertaining to the USAC Internal Audit Division site-visit for Chimes School, it was determined that in Funding Year 2001, USAC had erroneously disbursed \$17,050.50 to Ed Tec Solutions, LLC for requested Internal Connections. During the audit, it was determined that a Backup Domain and File Server was installed but had not been configured or put into use. The pre-discount cost of the Backup Domain and File Server is \$16,350.00 plus \$200.00 for shipping and handling, per the Ed Tec invoice.
- In addition, the Item 21 Attachment that was originally submitted by the applicant listed two 72X19 cabinets at \$1,995.00 each, plus \$400.00 each for shipping and handling, for a total of \$4,790.00. During the course of the audit, it was noted that only one cabinet was used to house servers and other equipment. On July 17, 2002, Ed Tec submitted a Service Provider invoice Form (SPI) for \$106,073.70, which corresponds to an Ed Tec bill sent to Chimes School. The bill from Ed Tec contains a line item for a cabinet for \$3,990.00 and shipping and handling of \$800.00. It was determined that Ed Tec billed the applicant and SLD for two (2) cabinets, when only one (1) had been installed. Based on these findings, the SLD must proceed to seek recovery of \$17,050.50 that was disbursed for equipment that was either not used or not delivered. Consequently, the appeal is denied.

It is incredulous that the SLD has blatantly disregarded a written confirmation by the school (Please see Attachment A) confirming that Ed Tec did indeed Install and Configure the Backup Domain and File Server and that "the machine has performed very well", while the USAC Internal Audit Division site-visit for Chimes School concluded that the Server was either not configured or put into use. Ed Tec affirms that the Backup Domain and File Server was indeed installed and configured as listed on the SPI.

In addition, the SLD confirms that "During the audit, it was determined that a Backup Domain and File Server was installed but had not been configured or put into use." If that were to be the case, than only the installation and configuration charge should be recovered and not the cost of the server.

SLD also does not entertain the possibility that the school may have other servers than those installed by Ed Tec as well as the possibility that a lot could have changed from the time the equipment was installed by Ed Tec, quite some time ago.

The Item 21 Attachment that was submitted by the applicant listed two cabinets. During the course of the audit, it was noted that only one cabinet was used to house servers and other equipment. On the SPI that Ed Tec submitted to USAC, it contained a line item for one cabinet. This one cabinet installed was enhanced with additional fittings and

equipment (all ERate eligible) equaling the cost of what the two cabinets applied for on the original Item 21 Attachment submitted with the schools Form 471 application would have cost. It would enable the one cabinet to perform the function that the two cabinets would have. The applicant therefore received equal value and equal functionality. This is an allowable substitution under SLD rules and regulations and was apparently approved by the reviewer of the SPI submitted.

Finally, SLD rules dictate that it is the school's responsibility to recover funds if disbursed erroneously. This would invalidate this request for recovery of funds from Ed Tec being that we are the service provider.

To conclude, based upon the affirmation and clarification regarding the server and cabinets we request that this request for recovery of funds be dismissed.

We look forward to a most favorable prompt response.

Please feel free to use the contact information below if any further information is necessary.

Sincerely,



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Miriam Rubinson

From: Richard Gonsman [Rgonsman@chimes.org]
Sent: Friday, June 04, 2004 9:19 AM
To: eli@edtecsolutions.com; mrubinson@edtecsolutions.com
Cc: Marty Lampner
Subject: Backup domain server

The backup doamin server that Ed Tech installed for us when we recieved the grant was installed and configured by them. The machine has performed very well for us and the work that your company did for us was excellent. Thank you for all your hard work and efforts.

Richard Gonsman
Director of Information Systems
Chimes Inc.
410-358-8728
IT Hot Line 1-866-244-6370